



USAID | **MACEDONIA**
FROM THE AMERICAN PEOPLE

AGBIZ PROGRAM

FISCAL YEAR 2011 WORK PLAN
OCTOBER 2010 – JUNE 2011

OCTOBER 2010

This publication was produced for review by the United States Agency for International Development.
It was prepared by Tetra Tech ARD

Prepared for the United States Agency for International Development, USAID Contract Number EDH-I-00-05-00006-00, Task Order 03, Macedonia Agribusiness activity (AgBiz), under Rural and Agricultural Incomes with a Sustainable Environment Plus (RAISE PLUS) Indefinite Quantity contract (IQC).

Implemented by:
Tetra Tech ARD
P.O. Box 1397
Burlington, VT 05402

MACEDONIA AGRIBUSINESS ACTIVITY (AGBIZ PROGRAM)

FISCAL YEAR 2011 WORK PLAN
OCTOBER 2010 – JUNE 2011

OCTOBER 2010

DISCLAIMER

The authors' views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

TABLE OF CONTENTS

ACRONYMS AND ABBREVIATIONS	vii
EXECUTIVE SUMMARY	I
1.0 ARD AND AGBIZ VALUES	3
1.1 ASSOCIATES IN RURAL DEVELOPMENT (ARD) VALUES	3
1.2 AGBIZ VALUES	3
2.0 AGBIZ GOAL AND OBJECTIVES	5
2.1 GOAL	5
2.2 PRIMARY OBJECTIVE	5
2.3 SUB-OBJECTIVES	5
2.4 COMPONENTS	6
2.5 VALUE CHAINS AND CROSS-CUTTING INITIATIVES	7
3.0 FY'11 PLANS	9
3.1 FY '11 AOF OBJECTIVES AND ACTIVITIES	9
3.2 ADMINISTRATION	10
3.2.1 <i>Organizational Structure and Staff Responsibilities</i>	10
3.2.2 <i>Administration Objectives and Activities</i>	15
3.3 WINE VALUE CHAIN OBJECTIVES AND ACTIVITIES	16
3.4 FRESH FRUITS AND VEGETABLES VALUE CHAIN OBJECTIVES AND ACTIVITIES	17
3.5 PROCESSED VEGETABLES VALUE CHAIN OBJECTIVES AND ACTIVITIES	18
3.6 CROSS-CUTTING ISSUES OBJECTIVES AND ACTIVITIES	19
3.6.1 <i>Policy and Institutional Reform</i>	19
3.6.2 <i>Access to Finance</i>	20
3.6.3 <i>Horizontal and Vertical Linkages</i>	21
3.6.4 <i>Outreach, Market Information, External Cooperation and Environment</i>	22
3.7 MONITORING AND EVALUATION (M&E)	23
3.8 ACTIVITIES AND PROJECTS RESPONSIBILITIES SUMMARY	24
3.9 OVERALL	25
4.0 ISSUES TO BE RESOLVED	26
4.1 INTERNAL TO AGBIZ	26
4.1.1 <i>Total Program Funding</i>	26
4.1.2 <i>Efficient and Expedient Program Close out – Focus on Staff</i>	26
4.1.3 <i>Regional Market Information</i>	26
4.1.4 <i>How to Continue Development of Associations</i>	27
4.1.5 <i>AgBiz Role in IPARD</i>	27
4.1.6 <i>Difficulties to Measure Results Due to Local Accounting System and Cash Payments</i>	28
4.1.7 <i>How to Effectively Implement Policy and Institutional Reforms</i>	28
4.2 EXTERNAL INFLUENCES ON AGBIZ PROGRAM IMPLEMENTATION	29
4.2.1 <i>Holding Current Positions in ex-Yugoslavia Markets while Entering New, Developed Markets</i>	29
4.2.2 <i>Delivering Sufficient Quantities and Quality Products to Developed Export Markets</i>	29
4.2.3 <i>Quality of Available Planting Material</i>	29
4.2.4 <i>Policy Reforms Needed for Effective and Efficient Program Implementation and Enhanced Results, and Reform Recommendations</i>	30
5.0 FY '10 BUDGET	31
6.0 FY '11 AND LOP INDICATORS PROJECTION	32
6.1 FY '11 AND LOP QUARTERLY OUTPUT INDICATORS	32
6.2 CY'10 AND LOP ANNUAL INDICATORS	33
7.0 ONGOING PLANS	34

7.1	PROGRAM DEVELOPMENT ACTIVITIES.....	37
7.2	VALUE CHAIN COMPETITIVENESS ENHANCEMENT ACTIVITIES.....	37
7.3	PROJECT IMPLEMENTATION.....	37

LIST OF TABLES AND FIGURES:

TABLE 1. AGBIZ OBJECTIVES COMPARATIVE IMPORTANCE AND PROGRESS RATING	6
TABLE 2. AGBIZ “COMPONENTS”	6
TABLE 3. AGBIZ VALUE CHAINS.....	8
TABLE 4. ACTIVITIES BUDGET ALLOCATION MODEL	10
TABLE 5. AGBIZ RESPONSIBILITIES ALLOCATION	12
TABLE 6. AOF #1 ORGANIZATION STRUCTURE/HR/COMPLIANCE/INTERNAL POLICIES	15
TABLE 7. AOF #2 WINE.....	16
TABLE 8. AOF #3 FRESH FRUIT & VEGETABLES.....	17
TABLE 9. AOF #4 PROCESSED VEGETABLES.....	18
TABLE 10.1 AOF #5.1 POLICY AND INSTITUTIONAL REFORM	19
TABLE 10.2 #5.2 ACCESS TO FINANCE	20
TABLE 10.3 #5.3 HORIZONTAL AND VERTICAL LINKAGES.....	21
TABLE 10.4. #5.4 OUTREACH, MARKET INFORMATION, EXTERNAL COOPERATION AND ENVIRONMENT.....	22
TABLE 10.5. #5.5 MONITORING AND EVALUATION (M&E).....	23
TABLE 11. BUDGET APPROVED & ALLOCATED BY AOF COORDINATOR	24
TABLE 12. AOFs FY'11 PLANNED ACTIVITIES AND BUDGET ALLOCATED	25
TABLE 13. FY'11 AGBIZ BUDGET.....	31
TABLE 14. RESULTS TO DATE AND FY'11 AND LOP OBJECTIVES	33
TABLE 15. CALENDAR '09 RESULTS AND CY 2010 AND LOP OBJECTIVES.....	34
FIGURE 1. AGBIZ ORGANIZATION CHART.....	13

ACRONYMS AND ABBREVIATIONS

A&C	Administration and Compliance
AC	Activity Concept
AgBiz Program	Macedonia Agribusiness Activity
AoF	Area of Focus
AMIS	Agricultural Market Information System
ARD	Associates in Rural Development
AWP	Annual Work Plan
BEA	Business Environment Activity (USAID funded)
CBI	Dutch Centre for Promotion of Imports from Developing Countries
CCI	Cross Cutting Initiatives
CoP	Chief of Party
DCoP	Deputy Chief of Party
EDD	Environmental Due Diligence
ERA	ERA Group – Slovenian Corporation, owner of Skopje Fair
EU	European Union
FDA	Food and Drugs Administration
FFRM	Federation of Farmers of the Republic of Macedonia
FF&V	Fresh Fruits and Vegetables
FY	Fiscal Year
FTE	Full Time Equivalent
GDP	Gross Domestic Product
GlobalGAP	Global Good Agricultural Practice
GoM	Government of Macedonia

HR	Human Resources
IPARD	Instrument for Pre-Accession Assistance for Rural Development
LoE	Level of Effort
LoI	Letter of Intent
LoP	Life of Program
M&E	Monitoring & Evaluation
MAEA	Macedonian Agro Exporters Association
MAFWE	Ministry of Agriculture, Forestry, and Water Economy
MAP	Macedonian Association of Processors
MASHAV	Israeli Agency for International development
MLGA	Macedonia Local Government Activity
MoLSP	Ministry of Labor and Social Policy
MoU	Memoranda of Understanding
NCE	No-Cost Extension
NGO	Non-Government Organization
PIR	Policy and Institutional Reform
PMP	Performance Management Plan
PO	Producer Organization
PPA	Pollution Prevention Assessment
PV	Processed Vegetables
RfA	Request for Approval
RMI	Regional Market Information
SoW	Scope of Work
SNV	Foundation Netherlands Volunteers
SPA	Shumski Plod Association
STA/M	Senior Technical Advisor/Manager

STTA	Short-term Technical Assistance
SWG-RRD	Standing Working Group for Regional Rural Development
SWOTOR	Strengths, Weaknesses, Opportunities, Threats, Objectives and Recommendations
USAID	United States Agency for International Development
VC	Value Chain
WoM	Wines of Macedonia Association
WGP	Wild Gathered Products

EXECUTIVE SUMMARY

In Fiscal Year (FY) 2011, the Macedonia Agribusiness Activity (AgBiz) will 1) complete USAID compliant close-out procedures for the remaining Projects signed in FY '08, 2) Develop and implement more than 50 high impact value chain competitiveness enhancement Activities, 3) Help at least 11 customers access appropriate sources of around \$0.25 million in financing, and 4) Identify, prioritize and attempt to stimulate reform of around 20 policies that constrain the competitiveness of Macedonian agribusiness exports.

AgBiz will continue to identify, screen, develop, implement, and follow-up on value chain competitiveness enhancement Activities in FY '11. However, based on the fact that FY '11 will not be a full year, the Program will implement a somewhat different value chain support approach in terms of AgBiz legacy institutions through short to mid-term results-oriented Activities. AgBiz will submit to USAID a Request for Approval (RfA) of a three months No-Cost Extension (NCE) for the period March - June 2011, by October 18, 2010. This AWP assumes approval of the NCE RfA.

AgBiz plans for FY '11 include but are not limited to:

- The Association Development, Backward Linkages and Food Safety Areas of Focus from Cross Cutting Initiatives (CCI) will be merged into one AoF named "Horizontal and Vertical Linkages";
- Emphasizing work linked to supporting the sustainability of trade associations as USAID legacy institutions through a variety of Activities in our three supported Value Chains (VCs);
- Linking our Policy & Institutional Reform work with Association Development as a logical step for achieving ownership and sustainability of the advocacy processes we have stimulated;
- Involving three new entities ERA Group, Foundation Netherlands Volunteers (SNV) and Standing Working Group for Regional Rural Development (SWG-RRD) to cost share and maximizing the outcomes of AgBiz competitiveness enhancement Activities; and
- Continuing our cooperation with the USAID funded e-Gov project for promotion of PIRs.

In FY '11, we will encourage grantees to continue to submit the Quarterly Progress Reports needed for our sales related indicators. In FY '11 we expect to complete the successful implementation of 6 Activities committed to in FY '10 and launch 48 new Activities. This is anticipated to include two trade shows, three study tours, eight assessments/strategies, 11 workshops/conferences/roundtables, eight international and regional B2B Meetings, seven operations manuals and nine association support Activities. Total AgBiz Activity expenditures in FY '11 are anticipated to be approximately \$107,000 with an average AgBiz contribution of around 26% of total Activity cost.

Results that will be achieved in FY '11 are projected to be:

- 14 Success Stories and 22 media exposures;
- Increased exports of €7.5 million and increased purchases from small producers of €4.6 million;
- Orders received from trade fairs and Business-to-Business (B2B) Meetings of €2.8 million from more than 30 new customers;
- Around \$0.25 million of financing identified for 11 customers;
- 117 additional agribusinesses supported, and
- Over 1,040 individuals trained.

This FY '11 Annual Work Plan (AWP) shows Activities that will be implemented with and without approval of the three-month NCE. Funds for the time extension are derived from Project-related savings, better than projected Activity cost sharing and the strengthened US dollar. These savings will be utilized

to implement additional competitiveness enhancement Activities and achieve a significant increase in indicators. The tables in each Area of Focus (AoF) presentation in this AWP show planned activities for the October - February time period and for the March - June assuming a NCE is approved. An official request for the NCE is being submitted with this AWP.

The No Cost Extension would benefit Macedonian agribusinesses and enhance the impact of USAID's AgBiz Program by 1) utilizing the events and activities that naturally take place in spring because of the seasonality of agriculture; 2) providing additional support the new AgBiz-established trade associations to build their capacity and help them to overcome their sustainability challenges; 3) achieving a significant number of additional indicators, especially as derived from Activities; and 4) fully and effectively utilizing Contract funding. The full rationale for the NCE can be found in the Request for Approval (RfA) included with this AWP.

Some of the Activities proposed for the additional time between March and June 2011 are a follow up work on support previously provided to AgBiz customers, and specifically to strengthen the sustainability of AgBiz legacy institutions and procedures.

I.0 ARD AND AGBIZ VALUES

The values a firm and its employees have are the guide to how they operate. Therefore, an important precursor to and context for a plan is a restatement of these values. Following are the key values for Tetra Tech Associates in Rural Development (ARD), the AgBiz prime contractor, and the values of the AgBiz team. These values underlay all that we do.

I.1 ASSOCIATES IN RURAL DEVELOPMENT (ARD) VALUES

1. Provide quality services and intellectual leadership to our clients;
2. Mutual respect and collegiality at all levels within the firm;
3. Innovative, multidisciplinary approaches to technical challenges;
4. Teamwork and integrity in all our relations; and
5. Individual and collective contributions to successful project implementation and business generation.

I.2 AGBIZ VALUES

1. Our mantra – a sustainably improved lifestyle (income) for participants in agriculture and agribusiness;
2. All work is focused on achieving Program objectives;
3. Efficient and effective use of Program resources;
4. No favoritism of customers, suppliers, or employees;
5. Open, full, and honest communication;
6. Good internal and external personal relationships;
7. Staff receives no financial or material personal gain from work other than ARD/AgBiz compensation;
8. High professional and ethical standards in our daily work;
9. Confidentiality of customers' information;
10. Utilize Macedonian assets when available and effective;
11. Full compliance with ARD, United States Agency for International Development (USAID) and local societal values;
12. Full compliance with the ARD Code of Conduct; and
13. Use simplified approaches and methodologies where ever possible.

2.0 AGBIZ GOAL AND OBJECTIVES

Clarity of goals and objectives is essential for Program success in Fiscal Year 2011. Following are the AgBiz overarching Goal, our Primary Objective, our Sub-objectives, our basic Components and the Value Chains we will be supporting in FY '11. The Goal, Primary Objective, Sub-objectives, Components and value chains have been formally agreed to by USAID.

2.1 GOAL

The goal of AgBiz is increased Macedonian economic growth through the expanded, competitive, and sustainable production and export sales of agriculture-based products. By supporting growth in the agriculture-related Macedonia economy, AgBiz will: 1) Better enable agribusinesses to identify, understand, and sustainably enter export markets for value added food products; 2) Enhance market linkages between producers, processors, and traders; 3) Improve business management and operations throughout agribusiness value chains; and 4) Produce greater incomes for agricultural producers and processors, and create new employment opportunities.

2.2 PRIMARY OBJECTIVE

The primary objective of AgBiz is the sustainability and significantly increased competitiveness of agribusiness producers, processors, and traders working individually or in groups; and participating in value chains that have good potential in export markets, especially for value added products; and where there is an opportunity for a broad-based positive impact; accomplished in an efficient manner and in conformity with relevant regulations.

2.3 SUB-OBJECTIVES

Table One (1) presents AgBiz Sub-objectives in the order of their perceived importance by AgBiz staff. The most important sub-objectives are categorized as A Priority, Important Sub-objectives as B Priority, and Significant but comparatively less important sub-objectives as C priority. However, even C Priority sub-objectives are quite important to AgBiz.

Table One (1) also presents an internal assessment of the comparative amount of progress AgBiz has made to date in achieving each objective. A Progress Rating of less than three (average) on an A or B Priority objective would indicate an objective that needs additional attention – as highlighted in light gray in Table 1. Therefore, developing backward linkages, trade association development, enhanced communications between the public and private sectors as related to new legislation and developing legacy institutions are sub-objectives that will receive additional emphasis in FY '11. An implication of this prioritization and progress rating is that in FY '11 we will be deemphasizing outreach activities and access to finance and IPARD, and have almost completed our work providing models for future EG projects and coordination with other projects and MAFWE – as highlighted in dark gray in Table 1.

This FY '11 Annual Work Plan incorporates these shifts in emphasis into the AgBiz Program.

TABLE 1. AGBIZ OBJECTIVES COMPARATIVE IMPORTANCE AND PROGRESS RATING

COMPARATIVE IMPORTANCE 5 = Very Important 1 = Very Minimal Importance		OBJECTIVE	PROGRESS RATING 5 = Very Good Progress 1 = Very Poor Progress
A		Enhanced competitiveness, and therefore an increased and sustainable growth rate of the selected value chains (Activity Development and Implementation)	4.5
A		Significantly improved linkages/relationships between producers and processors/marketers leading to reliable contracts for the competitive production of the products and raw materials required by export markets (Backward Linkages)	3.5
A		Increased competitiveness of private sector, agriculture-related firms in value chains that have good potential in export markets, and where there is an opportunity for a broad-based positive impact (Project Development and Implementation)	4.5
A		Trade associations participating in the selected value chains that are themselves sustainable by helping their members become and stay highly competitive (Trade Association Development)	3.0
A		Properly leveraged, efficient and effective use of USAID resources (All)	5.0
A		Compliance with ARD, Government of Macedonia (GoM) and USAID regulations (All and Compliance)	4.5
A		Communications, coordination and cooperation between the private sector and key GoM entities enhanced, especially regarding new legislation/regulations and export competitiveness enhancement. (Policy and Institutional Reforms)	2.0
B		Increased demand for Macedonian agricultural raw materials and products focused on export markets, and an increased supply of producers who are willing and able to supply the demanded raw materials and products (Backward Linkages)	3.5
B		Effective promotion of USAID and the American people as the source of AgBiz assistance (Outreach)	5.0
B		Increased agribusiness processor/marketer access to and availability of finance (Access to Finance)	4.5
B		Entities established that are able to continue AgBiz competitiveness enhancement work in supported Value chains post AgBiz LoP (Association Development)	2.0
B		Models for future agribusiness economic growth projects established (Project Development and Implementation)	5.0
B		Effective and efficient Program close out - including key lessons learned (CoP)	NA
B		M&E program is effectively measuring, monitoring and reporting Program results (M&E)	4.0
C		Increased firm involvement in own brand production of retail packs versus bulk/industrial production, i.e., more value added products (??)	3.0
C		Effectively coordinate with related USAID projects, relevant Other Donor's projects and MAFWE activities (CoP)	4.5
C		Increased compliance with international food and management standards, especially as related to EU markets entry (Food Safety and Standards)	3.0
C		Effective customer use of IPARD facilities (Access to Finance)	4.0
C		An enabling environment that fosters and supports highly competitive, export focused agribusinesses (Policy and Institutional Reform)	3.5
C		Each supported VC has a viable and aggressive development/competitiveness enhancement strategy that is supported by producers, processors and export marketers	2.5
C		Increased competitiveness and therefore market share of agriculture-based products that can be produced in Macedonia but are currently imported	1.5

2.4 COMPONENTS

Table Two (2) lists the AgBiz “components”, the comparative emphasis we will have placed on each “component” as expressed by Life of Program (LoP) Level of Effort (LoE), and the LoE we will be placing on each “component” during FY '11. Table 2 also provides a very basic description of each “component”.

TABLE 2. AGBIZ “COMPONENTS”

TITLE	LoP/FY '11 LoE ALLOCATION	DESCRIPTION
Value Chain Activities	50%/80%	Multi-company value chain competitiveness enhancement events such as trade fairs, study tours, TA, and training; and Cross Cutting Initiatives

TABLE 2. AGBIZ “COMPONENTS”		
TITLE	LoP/FY '11 LoE ALLOCATION	DESCRIPTION
Business Expansion Projects	40% /5%	<u>Firm level</u> , export-focused expansion project development and implementation via financial support and technology transfer, e.g., market entry and share expansion and facilities upgrading or expansion
Enhanced Access to Finance	7%/7%	Introducing customers to and assisting them in securing advantageous sources of financing, including IPARD
Policy Reform	3%/8%	Identification, prioritization and to the extent possible resolution of competitiveness constraining policies and institutions, almost always via trade associations and/or private sector engagement with the GoM

We do not treat the above as true, independent components, but rather utilize a value chain competitiveness enhancement approach that integrates all four of these areas into a single strategy. However, we do organize our reporting on the basis of these semi-components.

As can be noted from Table 2, we will be allocating our FY '11 resources somewhat differently than for the LoP. This is because:

1. we will increase emphasis on value chain competitiveness enhancement Activities since work on developing and implementing Projects is nearly complete – thus the FY '11 LoE allocation to Activities will be 80% versus an LoP of 50%;
2. the Projects signed in July and October of 2008 will all be completed before the beginning of FY '11, and only ongoing grantee reporting, monitoring and follow-up will be required – thus the FY '11 LoE allocation will be only 5% versus an LoP of 40%; and
3. we also plan to increase our emphasis on Policy and Institutional Reform versus the LoP to work with relevant trade associations, MAFWE, and to a lesser extent other USAID projects, e.g., USAID's Business Environment Activity (BEA), to stimulate the highest priority reforms– thus the FY '11 LoE allocation will be 8% versus an LoP allocation of 3%.

2.5 VALUE CHAINS AND CROSS-CUTTING INITIATIVES

We do not plan significant shifts in value chain emphasis for FY '11. Minor adjustments within the existing value chains will include the following.

1. For the Wine Value Chain, due to the serious wine grape and wine oversupply situation, somewhat more attention will be placed on enhancing bulk wine exports, without reducing the emphasis on bottled exports. Bottled wine alone cannot absorb the excess supply in the short to intermediate term.
2. Processed Vegetables (PV) support will be somewhat less in FY '11 due to Macedonian Association of Processors (MAP) being able to accept a greater share of VC competitiveness enhancement work.
3. Fresh Fruits and Vegetables (FF&V) support will shift somewhat away from specific fresh apple activities to including fresh apple participants in other activities. This will result in a better return on USAID/AgBiz resources than specific fresh apple activities.
4. The only support AgBiz will provide to Wild Gathered Products (WGP) is via support to the Shumski Plod Association (SPA).
5. We will place considerable FY '11 emphasis on the continued development of the three fledgling trade associations stimulated by AgBiz – Shumski Plod, Wines of Macedonia (WoM) and the Macedonian Agribusiness Exporters Association (MAEA) – as legacy institutions, i.e., entities that can continue VC competitiveness enhancement work post AgBiz. MAP is maturing nicely and AgBiz will continue to utilize MAP to plan and support the implementation of PV VC activities.

6. The Association Development and Backward Linkages (contract production) AoFs this year are merged into a single AoF titled “Horizontal and Vertical Linkages” that consists general Activities on Association Development and Backward Linkages, while specific Activities for Trade Associations related to the specific VCs will be presented in each VC AoF Table.

Table Three (3) shows the comparative importance of the three AgBiz primary value chains as indicated by the value and four-year growth of exports, the opportunities we see in each, and the important challenges they face.

TABLE 3. AGBIZ VALUE CHAINS			
Value Chain	Export Value & Growth %	Opportunities	Issues
Wine	\$48.6 mil. 3.4%	Shift from bulk (72%V/90%Q) to bottled	Marketing expertise; excess raw material supply; weak market prices
Fresh Fruits & Vegetables	\$128.1 mil. 15.9%	Improved cold storage, grading, and packing	New competitors in current markets; understanding EU markets; the capital & marketing skills required to shift to value added products & sustainably enter chain retailers
Processed Vegetables	\$34.9 mil. 15%	Find new markets & expand shares in existing markets; diversify product mix	Facility standards, raw material supply management & year round marketing

The value chains AgBiz will support in FY '11 had 2009 exports of at least \$211 million. This number includes estimates by AgBiz staff and our customers since official export statistics are not very reliable, and we believe significantly understate the value of exports. This value of exports is equal to 45% of total agriculture-based exports, and 58% of non-tobacco agriculture-based exports. This means we are focusing on the value chains that have the best potential to significantly and positively impact Macedonian export growth and economic development.

In FY '11 we will again be allocating significant resources to Cross-Cutting Initiatives (CCIs). We will be implementing six CCIs in FY '11. As the name implies the activities to be implemented in CCI Areas of Focus will support the enhanced export competitiveness of more than one of the AgBiz VCs.

The VCs, CCIs and their approximate percentage of total direct (out of pocket, not including staff time) Activity costs for FY '11 are projected to be:

1. Organization Structure, HR, Compliance and Internal Policies (no Activity costs)
2. Wine (25%)
3. Fresh Fruits and Vegetables (30%)
4. Processed Vegetables (24%)
5. Policy and Institutional Reform (8%);
6. Access to Finance (2%);
7. Horizontal and Vertical Linkages (8%);
8. Outreach, Market Information (MI), External Cooperation and Environment (2%) and
9. Monitoring and Evaluation (M&E) (no Activity costs)

Section 3.0 below provides a detailed description of the FY '11 Activities to be supported for each VC and CCI.

3.0 FY'11 PLANS

The following is a synopsis of the AgBiz FY '11 Plan. The FY '11 plan is not significantly different than the FY '10 Plan, with the exception of more emphasis on legacy institutions. We will develop and implement high impact export-focused value chain competitiveness enhancement Activities, help customers' access appropriate sources of finance, and prioritize and stimulate advocacy for policies that constrain the competitiveness of Macedonian exporters of agribusiness products. However, in FY '11 we will be placing somewhat more emphasis on association development, backward linkages (contract farming) and policy and institutional reform indirect advocacy (versus just identification and prioritization). Support to Projects will be limited to monitoring their ongoing success and including key Project personnel in other Activities.

3.1 FY '11 AOF OBJECTIVES AND ACTIVITIES

The specifics of how we will accomplish our FY '11 objectives in are outlined below. The following section is structured as a series of Objectives, Activities and Timing for each of the nine AgBiz AoF identified above.

Each of the AoFs has a staff person or persons, or in the case of Processed Vegetables an association (MAP), responsible for accomplishing the objectives for that AoF, and for successfully monitoring completed Projects and planning and implementing the Activities needed to accomplish the established objectives for that AoF.

The FY '11 planning process started with the Annual Work Plan Workshop that was held on 20 and 21 September. At the workshop the priority of AgBiz objectives was reviewed, progress on achieving the objectives was assessed (see Table 1) and the team reviewed and assessed the plans of each AoF.

During the Workshop a Strengths, Weaknesses, Opportunities, Threats, Objectives and Recommended Activities (SWOTOR) assessment was presented for each AoF. The objectives, and especially the proposed Activities, for each AoF were discussed by Team AgBiz. Proposed Activities were then regrouped to optimize the homogeneity of each AoFs and roughly prioritized within each AoF. USAID managers participated in the closing session of the Workshop and provided their input into Annual Work Plan preparation.

An important part of the FY '11 planning process was determining how to allocate scarce AgBiz resources among the AoFs to achieve an optimal return on USAID resources. The starting point of this process was to develop a reasonable resources allocation model. The next step was to estimate the value of Activity funds available for FY '11. This is a complicated process because accurate available funds information was not available until after the close of FY' 10. The underlying principle for determining the Activity budget for FY '11 was to "squeeze" all other budget categories to optimize the Activities budget. The available new Activities budget for FY '11 was determined to be \$102,762, and that was used in the Activities budget allocation model. Table 4 below shows the allocation of the Activities budget.

TABLE 4. ACTIVITIES BUDGET ALLOCATION MODEL							
Value Chain/Cross Cutting Initiative	Value of CY '09 Exports (mil.)	Score	Four Year Avg. Annual Export Growth	Score	Subjective Factors*, **	Total Score	New Money Budget
Fresh Vegetables	\$128,070,536	46,6	15,9%	35,7	1	0,30	\$30,650
Processed Vegetables	\$34,923,671	12,7	15,0%	33,7	13	0,24	\$24,997
Wine	\$48,562,352	17,7	3,4%	7,6	27	0,25	\$26,165
CCIs - Multi VC Horizontal & Vertical Linkages, Outreach, Policy Reform & Access to Finance	NA	23		23	2	0,20	\$20,950
		100		100	43,00	I	
						Weighting	
Total Value of Exports Supported		\$211,556,559	34,2%			40:40:20	

Projected FY '11 Activities Budget

\$102,762

* Comparative: broad-based impact; international competitive advantage; customer interest/demand; customer willingness to cost share, etc.

** Internal to AgBiz: Impact from the economic slowdown, Government commitment to support, internal capacity for implementation, level of Association development

Once the Activities budget available for each AoF was known, the Team categorized proposed Activities into two groupings under each AoF. The categories are: Existing Program End Date – an FY '11 Activity that will be implemented if there is not a three month time extension; and No Cost Time Extension – an important Activity that can only be implemented if there is a no cost time extension.

The resulting AoF Objectives and Activities planned for FY '11 are summarized below. Each summary shows 1.) the main objectives for that AoF, 2.) the previously committed to Activities that must be completed in FY '10, 3.) new planned Activities, target completion dates and the projected AgBiz cost of each planned activity - the set of which is designed to accomplish the objectives of that AoF, and the person with overall responsibility for each AoF. The summaries also show activities that would be implemented with and without a no cost extension. It is important to note that Activities shown as starting during the existing term of AgBiz but being completed during the NCE period would not be started without approval of the NCE. In many cases a different person is responsible for a specific Activity, even though the AoF is another person's overall responsibility. This is to enable a reasonable degree of staff technical specialization and to balance workloads.

3.2 ADMINISTRATION

3.2.1 Organizational Structure and Staff Responsibilities

In FY'10 Expat Chief of Party (CoP) James Maxwell completed his assignment as planned in the Contract and was replaced by local CoP Vasko Hadzievski and two Deputies, Goran Damovski Deputy Chief of Party (DCoP) for Technical Operations and Natasha Lazovska, DCoP for Administration, Finance, Human Resources (HR) and Compliance. A new legal representative of the ARD Subsidiary office in Macedonia was appointed for both Macedonia Local Government Activity (MLGA) and AgBiz. AgBiz staff responsibilities have evolved somewhat, and therefore in the course of the Fiscal Year we modified the organizational structure and staff responsibilities to make sure both are optimized and clear to all. Significant changes from FY '10 include:

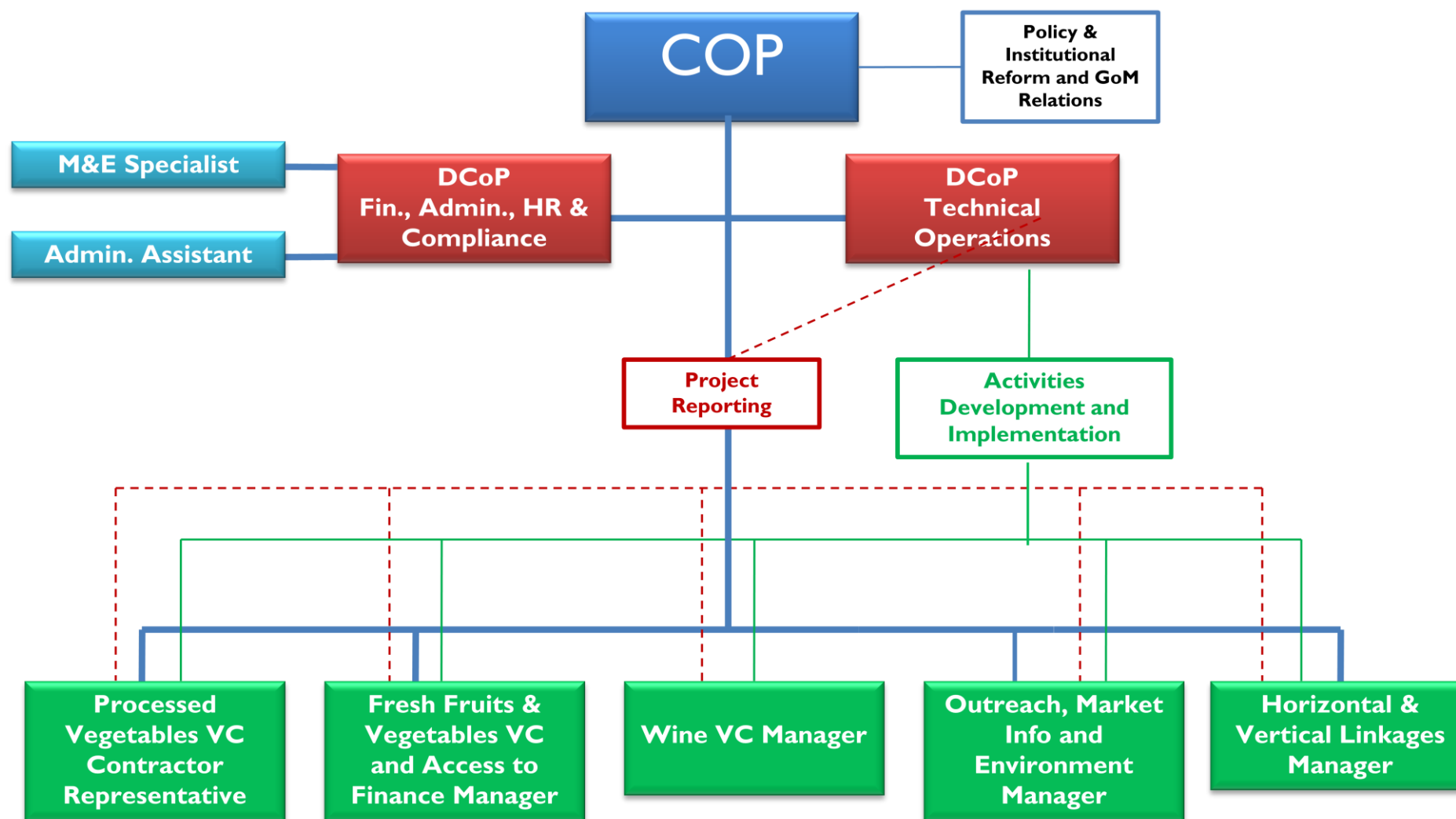
- Chief of Party Vasko Hadzievski will have direct responsibility for Policy and Institutional Reform;

- DCoP in addition to Compliance, Procurement, HR, Accounting and Budgets will be responsible for Monitoring and Evaluation and Program Close-out procedures;
- DCoP Technical Operations in addition to Wine VC Coordination will be responsible for Finalization of Scopes of Work (SoWs), Activity Descriptions, Activity Results Reports, Grant Final Technical Reports, Short-term Technical Assistance (STTA) Selection & Overall Technical Direction;
- Responsibility for the Fresh Fruits and Vegetables Value chain will remain with Lovre after the departure of the VC Coordinator (Vlado);
- Lovre will also be responsible for the Access to Finance AoF;
- Goran Angelovski will provide support to the Association Development AoF work that is not the responsibility of a VCC Coordinator and will be responsible for Backward Linkages;
- The Macedonian association of Fruit and Vegetable Processors (MAP) will be given a sub-contract to continue the coordination of the Processed Vegetables Value Chain at least until February 2010 or extended until May 30, 2010; and
- Senior Technical Advisor/Manager (STA/M) will provide Approvals for:
 - Final Activity Descriptions - prior to submission to USAID;
 - Final Memoranda of Understanding (MoUs), Letter of Intent (LoIs), (prior to signature) and SoWs;
 - Sole Source Justifications;
 - Final Agreements/Sub-contracts worth more than \$500 (prior to signature);
 - Activity Results Reports;
 - Quarterly and Annual Reports;
 - Outreach Releases in English – prior to release; and
 - Market Information Newsletters – prior to release.
- The mutually benefitting internships implemented in FY'10 provided the Interns with business operations skills and experience and at the same time assisted AgBiz with some of the general office support work and Activities tracking procedures. One Intern will be continued at least thru February 15, 2011.

The AgBiz FY '11 responsibilities' listing is shown below as Table Five (5). The current AgBiz organization chart including titles is shown in Figure 1 below.

TABLE 5. AGBIZ RESPONSIBILITIES ALLOCATION		
Key Responsibility	Primary Responsibility	Secondary Responsibility
Overall Strategy Development & Program Leadership	Chief of Party (CoP)	Team & STA/M
Overall Program Results (Financial & Indicator Performance)	CoP	Both DCoPs
Work Plan Development, Approval, and Monitoring	CoP	Team and STA/M
Weekly, Quarterly, Annual & Final Reports	CoP	Deputy Chief of Party – Technical & STA/M (Q, A & F only)
Official Program Spokesperson	CoP	Both DCoPs
Client (USAID) Relations	CoP	Both DCoPs
ARD Relations	CoP	STA/M
Internal Cooperation and Coordination	CoP	Both DCoPs
Government of Macedonia Relations	CoP	DCoP – Technical
Policy & Institutional Reform	CoP	DCoP – Technical
Compliance – including approvals	DCoP – Administration & Compliance (A&C)	CoP & STA/M
Human Resources	DCoP – A&C	CoP
Procurement - Grants, Sub-contracts & Purchase Orders	DCoP – A&C	CoP & STA/M
Program Close-out	DCoP – A&C	STA/M & CoP
Monitoring & Evaluation	DCoP – A&C	M&E Specialist
IT Systems and M&E MIS	M&E Specialist	DCoP – A&C
Office Management & Records	DCoP – A&C	Admin Assistant
Accounting & Budgets – ARD	DCoP – A&C	Admin Assistant
Accounting – Macedonian	DCoP – A&C	Outside Accountant
Inventory Control & Asset Management	DCoP – A&C	Admin Assistant
Finalization of SoWs, Activity Descriptions, Activity Results Reports, Grant Final Technical Reports, STTA Selection & Overall Technical Direction	DCoP - Technical	CoP & STA/M
External Cooperation and Coordination	DCoP - Technical	CoP
Overall Activities Management	DCoP – Technical	CoP
Branding/Outreach	Cross-Cutting Services Specialist	DCoP – Technical
Market Information	Cross-Cutting Services Specialist	DCoP – Technical
Environment	Cross-Cutting Services Specialist	DCoP – Technical
Training	Cross-Cutting Services Specialist	DCoP – Technical
Gender	Cross-Cutting Services Specialist	DCoP A&C
Access to Finance, including IPARD	Access to Finance Coordinator	DCoP – Technical
Project Follow-up - reporting	Value Chain Coordinators	DCoP - Technical
Food Safety Standards	Horizontal & Vertical Linkages Coordinator	DCoP – Technical
Association Development	Value Chain Coordinators	DCoP – Technical and Horizontal & Vertical Linkages Coordinator
Backward Linkages	Horizontal & Vertical Linkages Coordinator	DCoP – Technical
Fresh Fruits & Vegetables Value Chain Coordination	FF&V Value Chain Coordinator	DCoP – Technical
Wine Value Chain Coordination	Wine Value Chain Coordinator	DCoP – Technical
Processed Vegetables Value Chain Coordination	MAP	DCoP – Technical

FIGURE 1. AGBIZ ORGANIZATION CHART



3.2.2 Administration Objectives and Activities

The following table shows the main Objectives and Activities for the Administration AoF and the person responsible for each Activity. Natasha Lazovska is responsible for these Activities.

TABLE 6. AOF #1 ORGANIZATION STRUCTURE/HR/COMPLIANCE/INTERNAL POLICIES										
FY'11 AOF KEY OBJECTIVES										
1	FY '11 staff requirements, organization structure, budget and M&E are optimized for implementing the FY '11 Plan									
2	Modify the Budget to transfer the remaining Grant balance into Activities									
3	Assure Dalvina Grant and Activity implementation and close out is compliant with regulations									
4	Plan, implement and complete a USAID/ARD Compliant close-out procedure									
AoF FY'11 ACTIVITES		Implementation Plan								
		(October - February, 2001)					(March - June 18, 2011)			
Activity Description		Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11
1	Adjust org structure to FY '11 plan & create alternative scenarios for responsibilities & authorities concerning Program, Activities & Project Management after/if current staff depart						4			
2	Identify ways to motivate staff to stay until near the end of the Program. Prepare a plan & inform staff about alternative and/or additional job responsibilities	x	x	4						
3	Prepare a Budget Mod to transfer remaining Grant funds ~\$33,000 to Activities	4								
4	Prepare PMP Mod including proposed Time & NCE increased results and indicators	x	x	4						
5	Review Procurement procedures with individual staff when needed	x	x	x	x	x	x	x	x	4
6	Assure continued Grantee Results Reporting and collect Annual Reports	x	x	x	x	x	x	4		
7	Manage staff evaluations with good feedback on performance & clear criteria	4			4			4		
8	Simplify internal policies & procedures where possible	x	x	4						
9	Complete proper grant close out procedure & reports for Dalvina	4								
10	Closely monitor & control Budget expenditures to successfully implement a highly leveraged Activities program	x	x	x	x	x	x	x	x	4
11	Plan, implement & complete a USAID/ARD Compliant close-out				x	x	x	x	x	4
*Activity Development & Implementation Steps Legend:										
x		1		2		3		4		5
on-going activity		Activity Concept Approved		Activity Description Approved		All Agreements Signed		Implementation/ Complete		Results Report & M&E Input

3.3 WINE VALUE CHAIN OBJECTIVES AND ACTIVITIES

The following table shows the main Objectives, new Activities and already approved Activities for the Wine AoF. Goran Damovski is responsible for all of these Activities.

TABLE 7. AOF #2 WINE

FY'11 AoF KEY OBJECTIVES											
1	Enhance the export marketing & promotion of branded, high-quality Macedonian wines on selected export markets										
2	Continue the shift from bulk to bottled value added products and improve Macedonian origin recognition & appreciation for quality Macedonian wines										
3	Enhance scientific evidence and knowledge on indigenous varieties, quality control & secure greater consistency of Macedonian wines										
4	Support the strengthening of "Wines of Macedonia" by providing assistance for its efficient functioning, assist WoM to implement activities that will improve the export competitiveness of members, address policy & institutional constraints, improve backward linkages & better utilize & combine available resources										
5	Closely monitor & obtain Grantees' quarterly indicator data										
Approved in FY'10 to be Completed in FY'11											
	Activity Description									Target Date Completion	Budget Committed
1	Wine Road-show Presentations in Poland & The Netherlands									Nov-10	\$ 12,166
2	Survey on the Wine Industry Performance in 2009									Oct-10	\$ 3,500
TOTAL Budget Committed:										\$ 15,666	
AoF' FY'11 ACTIVITES		Implementation Plan									Budget Allocated
		(October - February, 2001)					(March - June 18, 2011)				
Activity Description		Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Budget Allocated	Mar-11	Apr-11	May-11	Jun-11
1	Buying Mission in MK with CBI as follow up of Poland & Holland Wine Road Show	3	4	5			\$ 8,500	6			
2	Wine Promotion in Serbia		1	2	3	4-5	\$ 2,500	6			
3	Industry Performance Follow up Workshop	4-5					\$ -				
4	Strengthening Access to MIS for WoM	2	3-4-5				\$ 4,850	6			
5	Develop a WoM Operational Plan for 2011	1-2	3	4	5		\$ -				
6	Cost Share a WoM Professional Manager & Office	1-2-3				4	\$ 2,000				
7	Investigate Opportunities for Joint Bottle & Other Inputs Procurement		1-2-3							4-5	\$ -
8	Sales Mission to Ukraine					1-2		3	4-5		\$ 2,000
9	Study Tour to Wines of Austria & B2B				1	2-3		4-5			\$ 5,500
10	Vranec Forum					1		2-3	4-5		\$ 815
11	Identify Appellation of Origin					1		2-3		4	\$ -
TOTAL Budget Allocated:							\$ 17,850	TOTAL Budget Allocated:			\$ 8,315
								TOTAL FY'11 Budget Allocated:			\$ 26,165
TOTAL APPROVED ACTIVITIES TO BE COMPLETED IN FY'11 AND PLANNED FOR FY'11 BUDGET: \$ 41,831											
*Activity Development & Implementation Steps Legend:											
X		1	2	3			4	5		6	
on-going activity		Activity Concept Approved	Activity Description Approved	All Agreements Signed			Implementation/ Complete	Results Report & M&E Input		Three Month Follow-up	

3.4 FRESH FRUITS AND VEGETABLES VALUE CHAIN OBJECTIVES AND ACTIVITIES

The following table shows the main Objectives, new Activities and already approved Activities for the Fresh Fruits and Vegetables AoF. Lovre Ristevski is responsible for all of these Activities.

TABLE 8. AOF #3 FRESH FRUIT & VEGETABLES												
FY'11 Aof KEY OBJECTIVES												
1	Solidify the position of value chain participants in their very important existing Balkan markets and successfully enter new markets											
2	Improve pre-harvest preparation of FF&V; help customers adopt modern & highly competitive post harvest handling practices & technologies											
3	Achieve higher quality of FF&V through sharing & implementing AgBiz lessons learned & best practices developed during trainings and study tours, including the UC Davis PHH Seminar; make FF&V companies familiar with the newest PHH trends											
4	Help the new Fresh Fruit and Vegetables Exporters Association develop & maintain good & sustainable relations with their customers											
5	Closely monitor & obtain Grantees' quarterly indicator data											
Approved in FY'10 to be Completed in FY'11												
Activity Description									Target Date Completion		Budget Committed	
1	Production of Value Added Viktorija Table Grapes for the International Market								Oct-10		\$ 1,976	
									TOTAL Budget Committed:		\$ 1,976	
AoF' FY'11 ACTIVITES			Implementation Plan								Budget Allocated	
Activity Description			(October - February, 2011)					(March - June 18, 2011)				
			Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Budget Allocated	Mar-11	Apr-11		May-11
1	Serbia B2B with Potential Buyers & ST for PHH		1	2-3	4-5			\$ 5,000				
2	Manual for FF&V PHH (Experience from South Africa, California & UC Davis)			1-2	3	4-5		\$ 2,200				
3	Israel Study Tour in Cooperation with MASHAV			1-2	3-4	5		\$ 3,000				
4	Develop a Web page for MAEA		1	2	3		4-5	\$ 450			6	
5	Fruit Logistica 2011 Trade Fair				1	2-3	4-5	\$ 6,000			6	
6	Support MAEA by Cost Sharing a Professional Manager & an office			1	2-3						4-5	\$ 2,000
7	GlobalGAP Group Certification Training for MAEA Members & FF&V VC Participants				1	2	3			4	5	\$ 500
8	Inward Buying Mission as a Croatia & Slovenia B2B Follow up								1	2-3	4-5	\$ 3,000
9	Workshops & Training on PHH as a Follow up to the Croatia ST				1	2	3		4-5			\$ 3,500
10	Austria B2B & Promotion of Macedonian FF&V				1	2	3				4-5	\$ 5,000
TOTAL Budget Allocated:								\$ 16,650		TOTAL Budget Allocated:		\$ 14,000
										TOTAL FY'11 Budget Allocated:		\$ 30,650
TOTAL APPROVED ACTIVITES TO BE COMPLETED IN FY'11 AND PLANNED FOR FY'11 BUDGET											\$ 32,626	
*Activity Development & Implementation Steps Legend:												
x			1	2	3			4		5		6
on-going activity			Activity Concept Approved	Activity Description Approved	All Agreements Signed			Implementation/ Complete		Results Report & M&E Input		Three Month Follow-up

3.5 PROCESSED VEGETABLES VALUE CHAIN OBJECTIVES AND ACTIVITIES

The following table shows the main Objectives and new Activities for the Processed Vegetables AoF. MAP is responsible for coordinating the successful implementation of these Activities.

TABLE 9. AOF #4 PROCESSED VEGETABLES

FY'11 AoF KEY OBJECTIVES												
1	Support the strategic repositioning & enhanced export performances of VC participants											
2	Strengthen the networking capacities & visibility of VC participants & the institutional capacity of MAP											
3	Support VC stakeholders in strengthening internal relationships & enhanced supply chain management for an improved raw materials supply											
4	Help value chain participants to successfully access all available sources of business expansion funding											
5	Help VC participants to significantly enhance their marketing capabilities											
6	Closely monitor and obtain Grantees quarterly indicator data											
AoF' FY'11 ACTIVITES Activity Description		Implementation Plan									Budget Allocated	
		(October - February, 2011)					Budget Allocated	(March - June 18, 2011)				
		Oct-10	Nov-10	Dec-10	Jan-11	Feb-11		Mar-11	Apr-11	May-11		Jun-11
1	Participation in the Indagra Fair in Romania	1-2	3-4-5			6	\$ 5,500					
2	Ukraine Study Tour & B2B Meetings		1-2	3-4-5			\$ 4,500	6				
3	Establish a Joint Brand &/or Export Marketing Company	1	2	3-4	5		\$ 2,000	6				
4	US Food & Drug Administration Application & Registration Workshop		1	2	3-4-5		\$ 1,000		6			
5	Processed Vegetable Value Chain Management & Support	x	x	x	x	4	\$ 5,665	x	x	x	4	\$ 2,832
6	Survey on the Performance of the Industry 2010				1	2-3		4	5			\$ 2,500
7	Participation in the EU Vegetable Processors Conference							1-2	3-4	5		\$ 1,000
TOTAL Budget Allocated:							\$ 18,665	TOTAL Budget Allocated:				\$ 6,332
								TOTAL FY'11 Budget Allocated:				\$ 24,997
*Activity Development & Implementation Steps Legend:												
x		1		2		3		4		5		6
on-going activity		Activity Concept Approved		Activity Description Approved		All Agreements Signed		Implementation/ Complete		Results Report & M&E Input		Three Month Follow-up

3.6 CROSS-CUTTING ISSUES OBJECTIVES AND ACTIVITIES

3.6.1 Policy and Institutional Reform

The following table shows the main Objectives, new Activities and already approved Activities for the Policy and institutional reform AoF. Vasko Hadzievski is responsible for all of these Activities.

TABLE 10.1 AOF #5.1 POLICY AND INSTITUTIONAL REFORM

FY'11 AoF KEY OBJECTIVES												
1	Involve & focus on trade associations to facilitate the PIR process											
2	Identify, prioritize & receive a commitment from trade associations to develop activities for a limited number of high priority PIR actions											
3	Gain consensus from other stakeholders & the GoM to improve the business environment for export competitiveness through networking											
4	Successfully assist trade associations in resolving their priority PIR issues											
5	Better communication & transfer field information to policy makers to change their approach to agricultural support policies											
Approved in FY'10 to be Completed in FY'11												
	Activity Description								Target Date Completion		Budget Committed	
1	Assessment of the Impact of the GoM subsidy program on agribusiness export competitiveness								Oct-10		\$ 4,500	
TOTAL Budget Committed:										\$ 4,500		
AoF FY'11 ACTIVITES		Implementation Plan										Budget Allocated
		(October - February, 2011)					Budget Allocated	(March - June 18, 2011)				
Activity Description		Oct-10	Nov-10	Dec-10	Jan-11	Feb-11		Mar-11	Apr-11	May-11	Jun-11	
1	Wine SEMP Follow up Donor Conference	1-2	3-4	5			\$ 1,000					
2	Follow up with MAEA (FF&V VC) on the Subsidies Assessment	1-2-3	4-5			6	\$ 200					
3	B2B Meetings with CEFTA Participants at the Skopje Fair	1-2-3	4-5			6	\$ 1,500					
4	Follow up on the Seasonal Employment Assessment - form working groups to propose legislative changes	1	2-3	4-5			\$ 500	6				
5	B2B Meetings in Kosovo with CEED – OBCK		1-2	3-4	5		\$ 500		6			
6	Follow up on Contract Farming Assessment - PP dialog to address the findings		1-2	3	4-5		\$ 500		6			
7	Special activities identified during FY '11 as a result of other identified or addressed PIRNs ¹			1-2	3-4	x		x	x	5	\$ 4,400	
TOTAL Budget Allocated:							\$ 4,200	TOTAL Budget Allocated:			\$ 4,400	
							TOTAL FY'11 Budget Allocated:			\$ 8,600		
TOTAL APPROVED ACTIVITES TO BE COMPLETED IN FY'11 AND PLANNED FOR FY'11 BUDGET											\$ 13,100	
*Activity Development & Implementation Steps Legend:												
X		1	2	3			4		5		6	
On-going activity		Activity Concept Approved	Activity Description Approved	All Agreements Signed			Implementation/ Complete		Results Report & M&E Input		Three Month Follow-up	

¹ This activity will include Support to MAFWE for enhancing Public Private Dialogue with AgBiz supported Value Chains and/or other newly identified issues

3.6.2 Access to Finance

The following table shows the main Objectives and new Activities for the Access to Finance AoF. Lovre Ristevski is responsible for all of these Activities.

TABLE 10.2 #5.2 ACCESS TO FINANCE

FY'11 AoF KEY OBJECTIVES

1	Identify and help AgBiz customers gain access to viable and competitive sources of finance
2	Make companies familiar with and train them for successfully applying for IPARD as a financing option
3	Identify possible viable sources of equity for larger customers that will increase their financial standing and hopefully help develop new markets
4	Help producers, processors and SMEs to assess their capital needs
5	Stay up to date on financial sourcing options

Approved in FY'10 to be Completed in FY'11

Activity Description	Target Date Completion	Budget Committed
1 IPARD Study Tour to Visit Banks in Bulgaria that have Offered SAPARD Loans	Oct-10	\$ 5,459
TOTAL Budget Committed:		\$ 5,459

AoF' FY'11 ACTIVITES	Implementation Plan										Budget Allocated
	(October - February, 2011)					Budget Allocated	(March - June 18, 2011)				
	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11		Mar-11	Apr-11	May-11	Jun-11	
Activity Description	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Budget Allocated	Mar-11	Apr-11	May-11	Jun-11	Budget Allocated

Follow up activities on "IPARD Study Tour to Visit Banks in Bulgaria that have Offered SAPARD Loans"

1	Workshop on innovative ways of financing including IPARD related products with Banks and other Financial institutions' representatives, MBPR, MAFWE & the Wineries		1-2	3-4-5			\$ 1,200						
2	Workshop on innovative ways of financing including IPARD related products with Banks and other Financial Institutions' representatives, MBPR, MAFWE & FF&V Exporters				1-2			3	4-5			\$ 1,050	
TOTAL Budget Allocated:							\$ 1,200	TOTAL Budget Allocated:					\$ 1,050
							TOTAL FY'II Budget Allocated:						\$ 2,250
TOTAL APPROVED ACTIVITES TO BE COMPLETED IN FY'II AND PLANNED FOR FY'II BUDGET												\$ 7,709	
*Activity Development & Implementation Steps Legend:													
x		1	2		3		4		5		6		
On-going Activity		Activity Concept Approved	Activity Description Approved		All Agreements Signed		Implementation/ Complete		Results Report & M&E Input		Three Month Follow-up		

3.6.3 Horizontal and Vertical Linkages

The following table shows the main Objectives, new Activities and already approved Activities for the Horizontal and Vertical Linkages AoF. Goran Angelovski is responsible for all of these Activities.

TABLE 10.3 #5.3 HORIZONTAL AND VERTICAL LINKAGES

FY'11 AoF KEY OBJECTIVES													
1	Contribute to improving the Backward Linkages between producers and processors / marketers												
2	Contribute to establishing reliable contract farming leading to competitive production of raw materials and products												
3	Enhance the understanding of producers and buyers about the need and benefits of establishing reliable backward linkages												
4	Provide private sector input to MAFWE regarding the current situation and possible directions for developing enhanced backward linkages												
5	Support the new associations to reach a higher level of sustainability												
6	Assist the internal capacity development of the associations												
7	Increase the visibility of the associations in front of all stakeholders												
8	Closely monitor and obtain Grantees quarterly indicator data												
Approved in FY'10 to be Completed in FY'11													
	Activity Description								Target Date Completion		Budget Committed		
1	Support for Macedonian Agro Exporters Association to Develop a Five Year Strategy and Annual Action Plan								Oct-10		\$ 5,260		
2	Assess of the impact of new government legislation concerning mandatory buyout contracting for FF&V products								Oct-10		\$ 3,580		
TOTAL Budget Committed:										\$ 8,840			
AoF FY'11 ACTIVITES		Implementation Plan										Budget Allocated	
		(October - February, 2011)					Budget Allocated	(March - June 18, 2011)					
		Oct-10	Nov-10	Dec-10	Jan-11	Feb-11		Mar-11	Apr-11	May-11	Jun-11		
Activity Description		Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Budget Allocated	Mar-11	Apr-11	May-11	Jun-11	Budget Allocated	
1	Support Shumski Plod Ass. by costs sharing a Professional Manager & office		1	2-3-4	5		\$ 1,450		6				
2	Assessment & Recommendations for Developing POs s in Macedonia	1	2	3	4-5		\$ 1,200		6				
3	Feasibility Study and Business Plan for a PO & Association Management Entity	1	2	3-4	5		\$ 300		6				
4	Demand Supply Planning Conference for Wine VC Participants				1	2		3	4	5		\$ 900	
5	Contract Farming Regional Lessons Learned & Best Practices				1	2-3		4			5	\$ 4,000	
TOTAL Budget Allocated:							\$ 2,950	TOTAL Budget Allocated:				\$ 4,900	
TOTAL FY'11 Budget Allocated:										\$ 7,850			
TOTAL APPROVED ACTIVITIES TO BE COMPLETED IN FY'11 AND PLANNED FOR FY'11 BUDGET:										\$ 16,690			
*Activity Development & Implementation Steps Legend:													
x		1		2		3		4		5		6	
On-going Activity		Activity Concept Approved		Activity Description Approved		All Agreements Signed		Implementation/ Complete		Results Report & M&E Input		Three Month Follow-up	

3.6.4 Outreach, Market Information, External Cooperation and Environment

The following table shows the main Objectives and new Activities for the Outreach, Market Information, External Cooperation and Environment AoF. Natasha Stankovic is responsible for all of these Activities.

TABLE 10.4. #5.4 OUTREACH, MARKET INFORMATION, EXTERNAL COOPERATION AND ENVIRONMENT

FY'11 AoF KEY OBJECTIVES												
1	Expose Macedonian agribusinesses and VC participants to production, harvest and post harvest handling market information											
2	Upgrade professional technical communications to increase Program awareness & output by the GoM, Customers, Other Donors and Media											
3	Continue public awareness of Program achievements & impact as a USAID funded project											
4	Introduce AgBiz customers to developing sustainable energy projects											
Approved in FY'10 to be Completed in FY'11												
Activity Description									Target Date Completion		Budget Committed	
1	Regional Market Information dissemination activity Moja Zemja									Oct-10	\$ 700	
2	Online registration of employment for agribusinesses- roundtables									Nov-10	\$ -	
TOTAL Budget Committed:										\$ 700		
AoF' FY'11 ACTIVITES		Implementation Plan									Budget Allocated	
		(October - February, 2011)					(March - June 18, 2011)					
Activity Description		Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Budget Allocated	Mar-11	Apr-11	May-11	Jun-11	
1.1	Transfer Post-Harvest Handling Technology for Selected Agriculture Commodities to POs/ Farmers/Agribusinesses Through Moja Zemja (Tomato/Pepper and Onion/Potato)					4-5	\$ 800					
1.2	Transfer Post-Harvest Handling Technology for Selected Agriculture Commodities to POs/ Farmers/Agribusinesses Through Moja Zemja (Grape/Peach; Apple/Cherry and Plum/Cucumber)	1	2-3							4-5	\$ 1,000	
2	Fresh Fruit and Vegetables Post Harvest Manual (printing handbook - 50 pcs, & burning CDs - 30 pcs)							4			\$ 150	
3	Workshop to Introduce Energy Efficiency & Renewable Energy to Macedonian Agribusinesses					1		2-3	4	5	\$ 200	
4	Program Newsletter Focused on Activity' Results (printing costs)										4 \$ 100	
5	Identify, Develop & Release Monthly Program Success Stories	x	x	x	x	4	no variable cost	x	x	x	4	
6	Develop & Release Monthly Media Advisories and/or Press Releases	x	x	x	x	4		x	x	x	4	
7	Track Published Articles in Media & Develop Quarterly Press Clippings for the DOC Office	x	x	x	x	4		x	x	x	4	
8	Provide AgBiz Quarterly Planned Activities to MAFWE & Other GoM Entities - upon their request	x	x	x	x	4		x	x	x	4	
9	Stimulate & Organize Quarterly Field Visits for USAID Officials to AgBiz Customers	x	x	x	x	4		x	x	x	4	
10	Manage Interviews for AgBiz Technical Staff with Relevant Media	x	x	x	x	4		x	x	x	4	
11	Provide Regular Updates to the AgBiz Website	x	x	x	x	4		x	x	x	4	
TOTAL Budget Allocated:							\$ 800	TOTAL Budget Allocated:				\$ 1,450
								TOTAL FY'11 Budget Allocated:				\$ 2,250
TOTAL APPROVED ACTIVITES TO BE COMPLETED IN FY'11 AND PLANNED FOR FY'11 BUDGET:										\$ 2,950		
*Activity Development & Implementation Steps Legend:												
x		1	2	3		4		5		6		
On-going Activity		Activity Concept Approved	Activity Description Approved	All Agreements Signed		Implementation/ Complete		Results Report & M&E Input		Three Month Follow-up		

3.7 MONITORING AND EVALUATION (M&E)

The following table shows the main Objectives and Activities for the M&E AoF. Sonja Petrovska is responsible for all of these Activities.

TABLE 10.5. #5.5 MONITORING AND EVALUATION (M&E)										
FY'11 AoF KEY OBJECTIVES										
1	Assure proper implementation of data collection methodology, including data quality assessment and reporting on accomplishments via established methods									
2	Maintain the internal integrated database/spreadsheets to support the archiving and reporting of performance data									
3	Consolidate and distribute on-time standardized information on the performance of targeted Qualitative and Quantitative Indicators									
AoF' FY'11 ACTIVITES		Implementation Plan								
		(October - February, 2001)					(March - June 18, 2011)			
		Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11
Activity Description										
1	Facilitate Development of the FY'11 Annual Work Plan	4								
2	Update FY'11 and LoP Objectives for both Custom and Element Level Indicators When Approved	x	4							
4	Coordinate Data Collection & Analyze Quantitative Indicators	x	x	x	x	4	x	x	x	4
5	Provide Ongoing Analyses of Accomplished vs. Projected Indicators	x	x	x	x	4	x	x	x	4
3	Track Actual Activity Expenditures & Completion vs. Budget Allocated & Established Timeframe in the AWP	x	x	x	x	4	x	x	x	4
6	Administer Quarterly Report Development and Compilation/Assure Conformity with 508 Federal Regulations	4			4			4		4
7	Administer Final Technical Report Development and Compilation								x	4
8	Maintain Electronic Filing System to Facilitate Managing & Documenting Performance Data	x	x	x	x	4	x	x	x	4
9	Maintain the Internal Wine Industry Database	4			4			4		
*Activity Development & Implementation Steps Legend:										
x		1		2		3		4		5
On-going Activity		Activity Concept Approved		Activity Description Approved		All Agreements Signed		Implementation/ Complete		Results Report & M&E Input

3.8 ACTIVITIES AND PROJECTS RESPONSIBILITIES SUMMARY

Table 11 below summarizes the responsibilities of each AgBiz team member and MAP based on the AgBiz cost of the Activities they will be responsible for in FY '11. The chart also includes already committed Activities and new Activities. This chart was developed to assure a reasonable balance of responsibilities.

TABLE 11. BUDGET APPROVED & ALLOCATED BY AOF COORDINATOR								
		Damo	Lovre	MAP	Vasko	Goran	Nate	TOTAL BY AOF
APPROVED IN FY'10 TO BE COMPLETED IN FY '11	AoF #2 WINE	\$15,666						\$15,666
	AoF #3 FRESH FRUITS AND VEGETABLES		\$1,976					\$1,976
	AoF #4 PROCESSED VEGETABLES							\$-
	AoF #5 CROSS-CUTTING INITIATIVES							
	AoF #5.1 Policy and Institutional Reform				\$4,500			\$4,500
	AoF #5.2 Access to Finance		\$5,459					\$5,459
	AoF #5.3 Horizontal and Vertical Linkages					\$8,840		\$8,840
	AoF #5.4 Outreach, MI, External Cooperation and Environment						\$700	\$700
TOTAL APPROVED AND COMMITTED		\$15,666	\$7,435	\$-	\$4,500	\$8,840	\$700	\$37,141
PLANNED FOR FY '11 (OCT - FEB, 2011)	AoF #2 WINE	\$17,850						\$17,850
	AoF #3 FRESH FRUITS AND VEGETABLES		\$16,650					\$16,650
	AoF #4 PROCESSED VEGETABLES			\$18,665				\$18,665
	AoF #5 CROSS-CUTTING INITIATIVES							
	AoF #5.1 Policy and Institutional Reform				\$4,200			\$4,200
	AoF #5.2 Access to Finance		\$1,200					\$1,200
	AoF #5.3 Horizontal and Vertical Linkages					\$2,950		\$2,950
	AoF #5.4 Outreach, MI, External Cooperation and Environment						\$800	\$800
TOTAL FY'11 BUDGET ALLOCATED (OCT - FEB)		\$17,850	\$17,850	\$18,665	\$4,200	\$2,950	\$ 800	\$62,315
TOTAL FY'11 BUDGET COMMITTED & ALLOCATED (OCT - FEB)		\$33,516	\$25,285	\$18,665	\$8,700	\$11,790	\$1,500	\$99,456
PLANNED FOR FY '11 (MAR - JUN, 18)	AoF #2 WINE	\$8,315						\$8,315
	AoF #3 FRESH FRUITS AND VEGETABLES		\$14,000					\$14,000
	AoF #4 PROCESSED VEGETABLES			\$6,332				\$6,332
	AoF #5 CROSS-CUTTING INITIATIVES							
	AoF #5.1 Policy and Institutional Reform				\$4,400			\$4,400
	AoF #5.2 Access to Finance		\$1,050					\$1,050
	AoF #5.3 Horizontal and Vertical Linkages					\$4,900		\$4,900
	AoF #5.4 Outreach, Market Information, External Cooperation and Environment						\$1,450	\$1,450
TOTAL FY'11 BUDGET ALLOCATED (MAR - JUN, 18)		\$8,315	\$15,050	\$6,332	\$4,400	\$4,900	\$1,450	\$40,447
TOTAL FY'11 BUDGET ALLOCATED (OCT - JUN, 18)		\$26,165	\$32,900	\$24,997	\$8,600	\$7,850	\$2,250	\$102,762
TOTAL FY'11 BUDGET ALLOCATED (OCT - JUN, 18), including Approved in FY'10		\$41,831	\$40,335	\$24,997	\$13,100	\$16,690	\$2,950	\$139,903

3.9 OVERALL

Table 12 below summarizes new Activity and already committed Activities expenditures for FY '11. As can be noted from this table total direct Activity expenditures for FY '11 are projected to be around \$136,903. The exact amount will depend on the MKD:USD exchange rate and actual already approved Activities costs as well as the actual cost of planned Activities versus the estimated budget. The estimated budget for new Activities will vary based on bids received for larger Activity costs, actual costs at the time an Activity is approved and the extent of actual versus anticipated cost sharing. Similar Activities (including Projects) expenditures in FY '10 were \$451,923.

TABLE 12. AOFs FY'11 PLANNED ACTIVITIES AND BUDGET ALLOCATED (Period: Oct - Feb and Mar - Jun 18, 2011)							
Area of Focus (AoF)	BUDGET MODEL	FY'11 Planned Activities and Budget Allocated (Period: Oct - Mar 18, 2011)		FY'11 Planned Activities and Budget Allocated (Apr - Jun 18, 2011)		TOTAL FY'11 Planned Activities and Budget Allocated (Period: Oct - Jun 18, 2011)	
		# of Activities	Budget Allocated	# of Activities	Budget Allocated	# of Activities	Budget Allocated
#1 Organization Structure / HR / Compliance/Internal Policies (Natasha)			no variable cost		no variable cost		no variable cost
#2 Wine (Damo)	\$17,850	6	\$17,850	5	\$8,315	11	\$26,165
#3 Fresh Fruits & Vegetables (Lovre)	\$16,650	5	\$16,650	5	\$14,000	10	\$30,650
#4 Processed Vegetables (MAP)	\$18,665	5	\$18,665	3	\$6,332	8	\$24,997
#5 Cross-Cutting Initiatives							
#5.1 Policy and Institutional Reform (Vasko)		6	\$4,200	1	\$1,400	7	\$8,600
#5.2 Access to Finance (Lovre)		1	\$1,200	1	\$1,050	2	\$2,250
#5.3 Horizontal and Vertical Linkages (Goran)		3	\$2,950	2	\$4,900	5	\$7,850
#5.4 Outreach, MI, and Environment (Nate)		1	\$800	4	\$1,450	5	\$2,250
#5.5 Monitoring and Evaluation (M&E) (Sonja)			no variable cost		no variable cost		no variable cost
TOTAL Cross-Cutting Initiatives	\$9,150	11	\$9,150	10	\$11,800	19	\$20,950
TOTAL Budget Allocated for FY'11	\$62,315	27	\$62,315	21	\$40,447	48	\$102,762
Activities Approved in FY'10 to be Completed in FY'11							
#1 Organization Structure / HR / Compliance/Internal Policies (Natasha)							
#2 Wine (Damo)	N/A	2	\$15,666				
#3 Fresh Fruits & Vegetables (Lovre)		0	\$1,976				
#4 Processed Vegetables (MAP)		0	\$ -				
#5 Cross-Cutting Initiatives (Vasko)							
#5.1 Policy and Institutional Reform (Vasko)	N/A	1	\$4,500				
#5.2 Access to Finance (Lovre)		1	\$5,459				
#5.3 Horizontal and Vertical Linkages (Goran)		2	\$8,840				
#5.4 Outreach, MI and Environment (Nate)		0	\$700				
#5.5 Monitoring and Evaluation (M&E) (Sonja)							
TOTAL Activities Budget Approved FY'10:		6	\$37,141				
TOTAL ACTIVITIES TO BE COMPLETED IN FY'11		TOTAL FY'11 Planned Activities and Budget Allocated (Period: Oct - Mar 18, 2011)		TOTAL FY'11 Planned Activities and Budget Allocated (Apr - Jun 18, 2011)		TOTAL FY'11 Planned Activities and Budget Allocated (Period: Oct - Jun 18, 2011)	
Area of Focus (AoF)		# of Activities	Budget Allocated	# of Activities	Budget Allocated	# of Activities	Budget Allocated
#1 Organization Structure / HR / Compliance/Internal Policies (Natasha)			no variable cost		no variable cost		no variable cost
#2 Wine (Damo)		8	\$33,516	5	\$8,315	13	\$41,831
#3 Fresh Fruits & Vegetables (Lovre)		5	\$18,626	5	\$14,000	10	\$32,626
#4 Processed Vegetables (MAP)		5	\$18,665	3	\$6,332	8	\$24,997
#5 Cross-Cutting Initiatives (Vasko)							
#5.1 Policy and Institutional Reform (Vasko)		7	\$8,700	1	\$4,400	8	\$13,100
#5.2 Access to Finance (Lovre)		2	\$6,659	1	\$1,050	3	\$7,709
#5.3 Horizontal and Vertical Linkages (Goran)		5	\$11,790	2	\$4,900	7	\$16,690
#5.4 Outreach, MI and Environment (Nate)		1	\$1,500	4	\$1,450	5	\$2,950
#5.5 Monitoring and Evaluation (M&E) (Sonja)			no variable cost		no variable cost		no variable cost
TOTAL Cross-Cutting Initiatives:		15	\$28,649	10	\$11,800	23	\$40,449
TOTAL Budget Committed in FY'10 and Allocated in FY'11:		33	\$99,456	21	\$40,447	54	\$139,903

4.0 ISSUES TO BE RESOLVED

4.1 INTERNAL TO AGBIZ

Resolution of the issues outlined in this section is important to the success of AgBiz, and are to a great extent under the control of AgBiz and/or USAID.

4.1.1 Total Program Funding

This FY '11 AWP assumes USAID approval to transfer \$34,976 from the Grants line item to Activities before the end of the first quarter of FY '11. Project (Grant) savings are incorporated into Activities to facilitate implementation of a greater number of Activities before Program close out.

AgBiz has established a very good performance record and can achieve good results with a modest amount of funding reallocation. This is the result of the Team's prior hard work and excellent customer and cofunder relationships, a positive environment for joint undertakings and trust by beneficiaries. By the end of the extended Program AgBiz will have successfully implemented a greater variety and number of activities with a positive impact. Macedonian agribusinesses are still under considerable stress due to the global economic crisis and preparations for EU accession have been prolonged, which means many challenges for Macedonian agribusinesses to compete in an era of more open borders. Although short or midterm positive impacts will take place before the end of the Program, we believe that the proposed additional Activities will lead to the enhanced sustainability of the institutions, companies and procedures in our value chains.

Agribusiness accounts for at least 13% of Macedonian Gross Domestic Product (GDP) (compared to 13.8% for all other manufacturing), nearly 14% of registered employment and more than 12% of exports. Therefore, agribusiness is a very important contributor to Macedonian economic growth, and is important to successful EU accession, so it deserves extended USAID funding.

The available/required Activities budget for FY '11 is \$107,000, including unspent Project (grant) funds.

4.1.2 Efficient and Expedient Program Close out – Focus on Staff

AgBiz is close to the end of Program, yet must be fully staffed to implement planned Activities and to monitor the success of recently completed Projects, a precondition for fulfilling projected indicators. Successful wrap up and close out of the Program depends on the continued availability of present staff. Therefore, AgBiz must pay special attention and focus on its staff until the end of the Program. At the beginning of FY '11 the staff structure remains the same, but may go through adjustments with the aim of a more efficient and effective close out. The position of the Intern for technical operations ceased at the end of FY '10.

4.1.3 Regional Market Information

Macedonian agribusinesses lack relevant marketing information. There is no single and consistent source that can provide pertinent, accurate and on time market research. The State Statistical Office provides information on domestic production, consumption and export sales from Macedonia that can be purchased upon request, but data is often too summarized and delayed for more than a year. The MAFWE, as part of the preconditions for EU approximation is developing an Agricultural Market Information System (AMIS), but the system is not yet fully functional and provides only limited information that are almost solely for the benefit of EU Headquarters in Brussels.

In FY '10 AgBiz implemented an 11 months Activity with the Federation of Farmers of the Republic of Macedonia (FFRM) to source market information for the Regional Market Information (RMI) section of

their Moja Zemja magazine. The RMI section now includes market information sourced from the MAFWE's AMIS unit.

As part of the process for developing a Wine Sector Export Marketing Strategy in cooperation with Dutch Centre for the Promotion of Imports from Developing countries (CBI) and export oriented wineries, the lack of market information was identified as key deficiency, especially for target markets and to help develop a Unique Selling Proposition for Macedonian wines. Leaders of the recently established Wines of Macedonia trade association understand the need for up-to-date market information, hence requested AgBiz support to gain access to Euromonitor's Passport market information service. This market information package will allow access to relevant market data for all EU and regional markets for 12 months.

Through its input into the Moja Zemja RMI section, market information newsletters, industry performance surveys, a wine sector export marketing plan and association, and/or VC strategies, AgBiz is contributing to creating a much better understanding of market demands and the need for and use of market information throughout the supported VCs.

4.1.4 How to Continue Development of Associations

Raising awareness, developing and establishing producers and trade associations in Macedonia has been done for many years. Although this work has resulted in establishing of numerous organizations, the understanding and achievement of the real role of these entities requires a long term effort and support to targeted groups of actors. During FY '10 AgBiz helped to establishment two new trade associations, Wines of Macedonia and the Macedonian Agro Exporters Association. At the same time AgBiz continued providing capacity building support to MAP and Shumski Plod. However, the advocacy power of most AgBiz VCs and associations is still very underdeveloped.

AgBiz plans to continue building the capacities of these associations during FY '11 and through them to provide overall support to VC participants. To facilitate successful business association, besides the activities linked to export promotion, AgBiz is proposing a coordinated approach for their organizational and administrative capacity building to contribute to their long term sustainability as USAID legacy institutions.

The new Law on Agriculture includes provisions for forming Producer Groups and Producer Organizations (POs) that can play a significant role in Association Development. AgBiz will actively work with its clients to utilize this opportunity. Harmonized with EU legislation, the new Law provides new opportunities for POs as a commercial form for organizing producers. Given the option to tap into GoM and EU support funds, it is expected that there will be a shift from forming regular associations or Non-Government Organization (NGO)'s towards POs. It is also expected that most functional associations will be transformed or reregistered as Producer Organizations. The development of these organizations may be the backbone of the future supply of agricultural products to all the buyers in Macedonia, as access to EU funds may provide long-term sustainability to the organizations.

4.1.5 AgBiz Role in IPARD

IPARD funds became available at end of 2009. However, due to lack of sufficient information, bad interpretation of what is needed and how much is needed, and a lot of complex procedures, farmers as well as the production/processing companies were discouraged about applying. A very limited number of applicants submitted acceptable applications in the first call due to the unclear and undefined rules and conditions to become eligible for the funds. The procedures for receiving basic documents from local governments were difficult and time consuming. The government, through MAFWE offices, has made an additional effort to ease the processes for application and shorten the time for issuing documents.

One of the main troubles for the applicants familiar to AgBiz was obtaining bank funds for the investment to be invested prior to receiving IPARD funds. The main questions were what kind of loan they should go for and do the banks have an appropriate product to support an IPARD project and

investment. Although AgBiz can play a small role until the end of LoP, through daily contacts and workshops with our clients, we'll try to direct them to the most appropriate source of finance and give suggestions for developing investment ideas and IPARD applications. Regarding not having appropriate bank products for IPARD applicants, AgBiz organized a Study Tour to Bulgaria for Macedonian bank representatives to learn from Bulgarian banks and the SAPARD agency's experience, how to develop loan products that will best serve IPARD applicants in Macedonia. As a follow up, in FY '11 AgBiz will closely monitor and encourage banks to develop new products, give suggestions and provide additional assistance as needed.

4.1.6 Difficulties to Measure Results Due to Weak Local Accounting Systems and Extensive Cash Payments

One of the impediments for AgBiz to realistically measure and show results is our customers' accounting systems. AgBiz indicator reporting is based on the customers' legal records. Local accounting practices do not enable easy access to accounting records throughout the year so our customers can provide quarterly indicator information. Most customers use outside accountants that prepare financial records almost exclusively for the use of tax authorities and tax filings. Acquiring results for only one portion of the company is almost impossible due to the lack of historical data on just that part of the firm, and customers do not keep current records on just the portion of the company a Project is supporting.

Another obstacle is cash payments and receivables. For example, Kosovo does not have strict fiscal regulations and most exports to Kosovo involve unregistered cash transactions, yet it is important for us to be able to collect complete information on sales or purchasing inputs.

The above obstacles to precisely measuring the results of AgBiz support are addressed by putting extraordinary efforts and time by AgBiz VC Coordinators building confidence and working with customers to collect as accurate as possible sales to local, regional and other geographic areas, locate cash payments (in and out) and include all in the USAID system for presenting results, i.e., Indicators for Success. Important success factors for securing useful indicator data are maintaining an excellent relationship with customers and achieving good cooperation and trust with customers who are struggling to keep their businesses running and expanding whenever possible.

4.1.7 How to Effectively Implement Policy and Institutional Reforms

Creating a better environment for business includes constant work on Policy and Institutional Reform Needs. Sometimes it seems very difficult to influence the Government to change from a methodology that is part of an overall policy or political campaigns. Despite substantial efforts by AgBiz and its partners from the private sector in contributing to improved legislation in individual cases, we constantly face needs for policy reforms to enhance the competitiveness of Macedonian agriculture.

In FY '11 we will be enhancing our PIR work by boosting private-public dialog through maximizing the role of trade associations and MAFWE in a synchronized approach for addressing PIR needs and adjusting laws and regulations for mutual benefits. This will be accomplished through a series of Activities involving the private sector represented by trade association members and the public sector represented by relevant institutions such as MAFWE, the Ministry of Labor and Social Policy (MoLSP), etc.

One of the main roles of a trade association is PIR advocacy. AgBiz will work with current trade association members to help achieve the reforms that would help stimulate the further development of the nascent trade associations. Good PIR work should help trade associations to develop and become sustainable.

4.2 EXTERNAL INFLUENCES ON AGBIZ PROGRAM IMPLEMENTATION

The following issues have a significant impact on the competitiveness of Macedonian agribusiness exports, but there are limited actions that AgBiz can take in the near future that will have a significant shorter term, wide, and positive impact on these issues.

4.2.1 Holding Current Positions in ex-Yugoslavia Markets while Entering New, Developed Markets

As previously noted, Macedonian companies in the fresh vegetables and table grapes value chains sell the vast majority of their output to Balkan markets, especially Serbia and Croatia. Competitors from more developed countries are marketing better quality products with better packaging to these markets and putting Macedonian exporters under pressure. Macedonian exporters are also not well prepared, and therefore not well represented in the major retail chains, and tend to sell to wholesale markets rather than directly to supermarket chains. The challenge for Macedonian exporters of table grapes, fresh vegetables, and bottled wines is how to keep their current business in Balkan markets by fighting off new competitors through product and packaging improvements; and at the same time develop competitive presentations for the more developed markets, especially in the current very difficult economic conditions.

AgBiz assistance is enhancing the focus on ex-Yugoslavia markets by more qualitative representation for maintaining and gaining new big partners in Croatia such as Plodine Super Markets and Rijeka Wholesale Market; and Slovenia by partnering for export with two big trading players ERA and Sava that want to promote Macedonian wine and FF&V as healthy foods. Additionally, AgBiz will support wineries to participate on the regional wine promotion show in Belgrade for the ex-Yugoslav countries.

4.2.2 Delivering Sufficient Quantities and Quality Products to Developed Export Markets

Consolidation of output to fulfill larger orders still remains a traditional problem that must be addressed. This has to do with quality control, pricing, liability, sharing market information, etc. This is a very difficult issue to overcome, and will continue to limit Macedonian agriculture-based exports.

AgBiz efforts to expose customers to foreign buyers as a group are now being enhanced by presenting Macedonian products via trade associations. In 2010 we organized joint sales international missions and study tours coordinated with the associations to contribute to develop a joint effort spirit and thinking towards harmonizing offers in terms of quality and other requirement that will satisfy larger buyers.

4.2.3 Quality of Available Planting Material

This issue is a continuous threat to high quality output and causes marketing problems. Planting seedlings grown by the producers with low genetic quality gives a poor start for the crops, which cannot be significantly improved throughout the growing cycle. Greenhouse owners use their houses to grow early season vegetables, so do not want to convert them to seedling production. Producers are not sufficiently organized, nor do they have the technical or management skills or financing to work together to develop such greenhouses.

AgBiz initiated communications on this issue with the Israeli Agency for International Development (MASHAV) and as a starting point they have sent an agricultural mission to Macedonia that will be followed by a study tour to Israel in December 2010 with AgBiz customers who are interested in investing in improved post harvest handling and/or developing a nursery for planting material. The goal of this initiative with MASHAV is to explore the feasibility and eventually find a partner for joint investment in the production of planting material in Macedonia. This is consistent with AgBiz objectives for improved competitiveness of Macedonian products. This opportunity will be closely followed by AgBiz and TA made available as much as possible.

4.2.4 Policy Reforms Needed for Effective and Efficient Program Implementation and Enhanced Results, and Reform Recommendations

GoM Subsidy Program Disregards Competitiveness

Besides the large financial intervention of Government in the agriculture sector through different programs and measures, it is still early to describe their positive or negative impact. However, there are several indicators that show weak or no relations with improving the competitiveness of Macedonian agriculture overall, such as no prioritization of strategic crops and no long term impact measures. Supporting export competitiveness should be a very important objective in a country such as Macedonia where agricultural exports represent 14% of total exports. However, currently direct payments to farmers in Macedonia mostly go to support imports. Unfortunately, Macedonia does not have domestic production of seeds, chemicals or fertilizers, so for small farmers to expand they use any additional funds to purchase more imported inputs.

Recommendation: To utilize the vast financial measures and enhance export competitiveness the GoM should define measures for a several year period based on a strategic orientation linked to the requirements of target export markets. This is closely connected with development of a long-term policy for replacement of old varieties and adaptation of some sub-sectors to export market demands. This would also lead to defining strategic crops and designing specific measures for their support. AgBiz made a comprehensive assessment of the GoM subsidy program will raise awareness of the above mentioned issues and support trade associations and others to push Government make improvements in subsidy programs that will lead to enhanced export competitiveness.

Inefficient Procedures for Seasonal Employment in Agriculture

Macedonian agribusinesses have a long history of problems obtaining reliable seasonal labor (workers) in line consistent with current laws and regulations. Present regulations are very limited and inflexible. These problems have a direct impact on the economic state of companies utilizing seasonal labor, productivity and competitiveness at home and on the international market.

Recommendation: AgBiz co-sponsored a comprehensive study of this problem for agribusinesses, although the recommendations relate to any industry in the country using seasonal or temporary labor. It is necessary to review of national labor legislation, in accordance with European legislation and full implementation in practice. Changes should be directed to making it possible for people on Social Welfare, pensioners, students, the unemployed and other categories to easily register and start temporary employment as seasonal workers but not lose previously acquired social benefits based on their long term status after seasonal work is complete. This takes a multidisciplinary approach since several Government authorities are concerned. As a follow up, AgBiz will work on establishing private with public sector working groups to further address and come to a solution for this important issue.

5.0 FY '10 BUDGET

Table 13 shows the projected FY '11 AgBiz budget, assuming a) No Additional Cost Extension approval is received from USAID for three additional months b) USAID approves a Budget mod to reallocate savings from the Grants budget line item to All Other Direct Costs in the amount of \$34,976. These funds will be spent for value chain competitiveness enhancement Activities.

ARD anticipates that there will be sufficient funds remaining in the Labor line item to cover staff costs required to oversee and complete the Activities planned for the proposed NCE period and to maintain the AgBiz office during the three-month NCE. In addition, there will be approximately \$107,000 remaining in Other Direct Costs to support planned additional VC capacity enhancement activities, including travel.

TABLE 13. FY'11 AGBIZ BUDGET

Project Name	Macedonia AgBiz					
Contractor	ARD, Inc.					
Prime Contract Reference	IQC No. EDH-I-00-05-00006-00, T.O. No. 3					
Date	30-Sep-10					
Time Spent	100%	13.50%	25%	25%	25%	11.50%
Time months	48	6.5	12	12	12	8.5
Budget Spent	100%	9%	36%	25%	20%	10%
Average Monthly Burn Rate	\$121,874	\$84,377	\$176,060	\$120,372	\$97,947	\$66,937
Budget Category	Total	Year 1	Year 2	Year 3	Year 4	Year 5
		3/19/07 - 9/30/07	10/1/07 - 9/30/08	10/1/08 - 9/30/09	10/1/09 - 9/30/10	10/1/10 - 6/18/11
Total All Other Costs	\$5,109,339	\$534,037	\$1,921,672	\$1,132,323	\$1,020,848	\$535,435
GRANTS	\$500,000	\$0	\$104,513	\$252,988	\$107,523	
TOTAL CONTRACT COSTS	\$5,609,340	\$534,037	\$2,026,185	\$1,385,311	\$1,128,371	\$535,436
FEE	\$240,620	\$14,411	\$86,531	\$59,153	\$46,994	\$33,531
TOTAL	\$5,849,959	\$548,448	\$2,112,716	\$1,444,464	\$1,175,365	\$568,966

6.0 FY '11 AND LOP INDICATORS PROJECTION

Table 14 and Table 15 below present the cumulative indicator achievements accomplished from Program inception until 30 September, 2010, their performance vs. established targets and anticipated results to be attained during the final phase of Program implementation, i.e., during the remainder of FY '11 (March/June) and LoP.

6.1 FY '11 AND LOP QUARTERLY OUTPUT INDICATORS

Table 14 below lists the set of output Indicators reported on a quarterly basis to provide USAID with quantitative and qualitative data on the results of implemented Activities. The first two columns show the cumulative results achieved until the end of FY '10 (September 30, 2010) and LoP Targets. The third column presents Indicators achievements vs. targets. It can be easily noted that almost 90% of the indicators reported on a quarterly basis have been overachieved.

As a result of exceeding expectations and eagerness to pursue higher targets, assuming a NCE is approved, AgBiz believes that will be able to further capitalize on current efforts and to significantly increase its impact on private sector competitiveness and agricultural productivity. These projected achievements are presented in the last three columns of Table 14, depending on the Program's completion date (March 18th or June 18th, 2011) and LoP.

The Activities that are planned to be implemented in FY'11 encompass various types of assistance that will be provided to 127 additional, not previously supported, beneficiaries. More specifically, two (2) Trade and Business Associations, eight (8) Producer Organization and 117 Agriculture-related Firms will directly benefit from Program interventions. Over 1,040 participants will receive training via various training sessions, seminars and other marketing and competitiveness enhancement Activities. The organization of business-to-business meetings and participation in trade events is anticipated to contribute additional Eur 2.8 mil. to the Value of New Orders Indicator. Around \$250,000 of financing opportunities will be identified for eleven customers. In addition, 21 PIRNs will be identified. Public awareness of US Government assistance will be further increased by publishing/releasing over 35 media exposures.

TABLE 14. RESULTS TO DATE AND FY'11 AND LOP OBJECTIVES

INDICATORS	Achievements To-Date (Sept. 30, 2010)	CURRENT LoP Targets	Sept. 30, 2010 Achievements vs. Targets	Projected Achievements Oct. 1, 2010 – Mar. 18, 2011	Projected Achievements Mar. 19 – Jun. 18, 2011	REVISED LoP Targets
1. Increased Raw Material Production and Products Marketing						
1.11 Value of new orders (in 000 Euros) from Trade Fairs, B2B Meetings and Fast Track Projects	12,414	6,600	5,814	1,605	1,205	15,224
1.12 Number of new customers from Trade Fairs, B2B Meetings and Fast Track Projects	388	250	138	21	10	419
2. Increased Coverage and Assistance to Value Chain Participants						
2.1 Number of Additional Producer Organizations Receiving Assistance	26	26	0	8	0	34
2.3 Number of Additional Agriculture-related Firms Receiving Assistance	221	221	0	95	22	338
2.4 Number of Additional Trade and Business Associations Receiving Assistance	4	5	-1	2	0	6
3. Building Human Capacity (Trainings + Workshops + Conferences + Trade Fairs + Study Tours)						
3.1 Number of male individuals who have received short-term agriculture or agribusiness productivity enhancement training	1,167	1,167	0	571	225	1,963
3.2 Number of female individuals who have received short-term agriculture or agribusiness productivity enhancement training	340	340	0	180	70	590
4. Value of Investment Stimulated						
4.1 Value of customer investment stimulated (000 US\$)	\$ 9,468	\$ 8,348	\$ 1,120	108	124	9,700
4.2 Value of third party domestic investment stimulated (000 US\$)	\$ -	\$ -	\$ -	0	0	0
4.3 Value of total domestic investment stimulated (000 US\$)	\$ 9,468	\$ 8,348	\$ 1,120	108	124	9,700
4.4 Value of Foreign Direct Investment stimulated (000 US\$)	\$ -		\$ -	0	0	0
5. Increased Access to Finance						
5.1 Value of customer financing (potential loans) identified (000US\$)	\$ 7,184	\$ 7,057	127	250	0	7,434
5.2 Number of new customers provided access to finance assistance	40	40	0	9	2	51
7. Policy and Institutional Reform						
7.1. Number of policy and institutional constraints identified and prioritized	22	20	2	13	8	43
8. Outreach						
8.1 Number of Success Stories produced and published	38	42	-4	8	6	52
8.2 Number of media exposures (TV, Radio and Newspaper)	143	121	22	15	7	165
Leveraging Achieved						
4.5 Leveraging Achieved by AgBiz (%)	14 %	32 %	229 %	37 %	23 %	15%

6.2 CY'10 AND LOP ANNUAL INDICATORS

The standard result-oriented Indicators that are reported on Calendar Year basis are shown in Table 15 below. The first two columns present the cumulative results achieved till the end of CY '09 (December, 31) and cumulative CY'10 and LoP Targets. The last two columns reflect our estimates for additional results that will be achieved in the period until June 18, 2011.

In early 2010, (when official financial statements submitted to the Public Revenue Office became available), we collected and assured data quality for the indicator performance of the twenty grantee Projects that are the source for measuring “Increased Raw Material Production and Products Marketing” and “Increased Employment” and percentage increases. The “Value of Purchases of Raw Materials made from Smallholder Producers” increased by 55% over the baseline or over EUR4.3 million (US\$6.1 million). As a result of the business expansion Projects, the “Value of Exports” increased for more than EUR3.1 million (US\$4.4 million) or 17% over the baseline, while “Total Sales” increased 24% or around

EUR 5.0 million (US\$6.9 million). Over 28,400 “Rural Households Directly Benefited from Interventions” and 561 new FTE jobs were created or 52% more than the baseline.

TABLE 15. CALENDAR '09 RESULTS AND CY 2010 AND LOP OBJECTIVES

INDICATORS	CUMULATIVE RESULTS ACHIEVED (thru Dec. 31, 09)	CY'10 and LoP CUMULATIVE OBJECTIVES (thru Dec. 31, 2010)	ESTIMATED ADDITIONAL RESULTS (To be achieved Jan - Mar, 2011)	REVISED CUMULATIVE LoP OBJECTIVES (thru Program End June 18, 2011)
I. Increased Production and Marketing				
I.1. Increased value (in Euros) of purchases of raw materials made from small holder producers	4,365,801	4,089,285	-69,263	4,020,021
I.2. Percentage increase in the value of purchases of raw materials made from small holders producers	55%	51%	-13%	44%
I.3. Increased value (in Euros) of sales into national market by customers	1,846,892	2,490,833	68,747	2,559,580
I.4. Percentage increase of sales into national market	48%	65%	7%	47%
I.5. Increased value (in Euros) of intra-regional exports by customers	2,338,952	5,002,935	122,460	5,125,395
I.6. Percentage increase of intra-regional exports by customers	24%	52%	9%	32%
I.7. Increased value (in Euros) of international exports	791,052	499,966	39,841	539,807
I.8. Percentage increase of international exports by customers	10%	7%	4%	5%
I.9. Increased value (in Euros) of total sales by assisted customers	4,976,896	7,993,734	231,048	8,224,782
I.10. Percentage increase of total sales by assisted customers	24%	38%	7%	25%
2. Increased Coverage of AgBiz Customers				
2.2. Number of rural households directly benefiting from interventions	28,405	38,926	981	39,907
6. Increased Employment				
6.1. Number of equivalent male jobs created by supported customers	417	374	29	403
6.2. Number of equivalent female jobs created by supported customers	144	119	18	137
6.3. Percentage increase in full time equivalent (FTE) jobs by supported customers	52%	46%	5%	39%

These results were achieved in a very unfavorable business environment, given the fact that in late 2008 and in all of 2009, the global economic crises and the macroeconomic instability of export markets negatively affected Macedonian exports of agriculture-based products. More specifically, significantly reduced orders from foreign buyers were experienced in 2009. Thus, some Project customers redirected their regional exports into the national market and their international sales to regional markets, resulting in reduced international and regional sales and increased domestic sales respectively.

This substantial negative effects of the global economic crises was not foreseen when the original Project-sourced indicator projections were established. Managers of companies applying for Project support in 2007 tended to be quite optimistic regarding their growth projections. Thus, in early 2010, the M&E Specialist together with the responsible Project Coordinator met with each Grantee. A summary sheet of past performance and projected indicators was presented to the Grantee, and the Grantee was asked to review previously reported projections and results (that were already reported on quarterly basis in the past period). The lack of data to be reported on quarterly basis was once again confirmed and needed corrections were made. Also, new projections for 2010 were requested in light of the 2009 experience. These adjustments were based on corrected entire company past indicator performance and on realistic projections for calendar 2010, and are presented in the second column of Table 15, entitled “CY'10 and Cumulative LoP Objectives (thru December 31, 2010)”.

Based on our experience in data collection, lessons learned and the need for improved indicator reporting on key Program objectives we propose the following modifications (Part of these adjustments were proposed via the FY'10 Portfolio Review that was submitted to USAID in early October 2010):

1. Reconfirm Reporting Timing Modification: All Project sourced indicators including 1.1., 1.2., 1.3, 1.4., 1.5., 1.6., 1.7., 1.8., 1.9., 1.10., 2.2. and 6.0, 6.1.1, 6.1.2, 6.2. are reported on an annual calendar basis, not on a Fiscal Year for which grantees do not have reliable data;
2. Nominal Indicators Adjustments: The nominal indicators that relate to projections for Raw Material Purchases (1.2), Products Marketing (1.4; 1.6; 1.8 and 1.10) and Increased Employment (6.3) as presented in the Table 15 have been updated based on the explanations above; and
3. Modification in the LoP Percentage Change Calculation Methodology: The calculation methodology for the LoP percent change Projections has been modified. The previous LoP Objectives were calculated as average annual increase only. To measure the overall impact and benefit of business expansion Projects (following the “before and after” principle), we proposed reporting percentage performance achieved over the baseline, not over the previous year only, and then summarized into a LoP increase.

The above combination of adjustments and reporting will result in the significantly increased likelihood of getting timely, accurate and consistent indicator information from our customers, and a much more useful M&E approach. It will also enable us to more effectively monitor and evaluate Program performance and improve the efficiency of our M&E activities. In addition, we anticipate that the combination of technical assistance and efforts that will be undertaken in the NCE period would highly affect our Grantees agribusinesses. Therefore, the anticipated values of purchases of raw materials and sales to be attained in the period from January through March, 2011 are analyzed by comparing the accomplishments reported by Grantees for the same period in 2010, and incorporated in the LoP Objectives. The increased values and percentage change that are anticipated to be additionally generated are presented in the last two columns of Table 15 above, depending on Program’s completion date (March 18th or June 18th, 2011) and LoP.

7.0 ONGOING PLANS

The following are AgBiz key ongoing plans for FY '11.

7.1 PROGRAM DEVELOPMENT ACTIVITIES

The following chart shows key ongoing Program Development activities and the expected result.

Activity	Expected Result
Prepare Budget Mod to transfer Grant remaining funds of \$36,357 to Activities	BTV will submit and get USAID approval for a Budget Mod that will transfer the remaining Grants line item balance to Total All Other Costs
Closely monitor and control Budget expenditures to successfully implement a highly leveraged Activities Program	Monthly Budget review based on actual invoice expense tracking and proposing budget and expense correction where necessary
Adjust org structure to FY '11 plan and create alternative scenarios for responsibilities and authorities concerning Program, Activities and Projects Management after/if current staff depart	If the need arises a Plan for alternative or additional job responsibilities for current staff will be prepared
Manage staff evaluations with good feedback on performance & clear criteria	Assist staff Performance Evaluation Assessment and Plan Development
Success Stories	Monthly stories developed and published
Facilitate Mission Director visits to customers	Demonstrate effectiveness of USAID assistance provided through the AgBiz Program
Prepare PMP Mod including proposed Time and No-cost increased results and indicators	Complete Indicator projections based on Activities to be completed during FY '11, including the proposed Time and No-cost increased results. Revise the Performance Monitoring Plan (PMP) and get USAID approval by December 31, 2010
Maintain the internal integrated database/spreadsheets to support archiving and reporting performance data	Data quality assessed and further processed; Internal integrated database/spreadsheets archiving performance data updated & fully functional

7.2 VALUE CHAIN COMPETITIVENESS ENHANCEMENT ACTIVITIES

The following chart shows key ongoing Value Chain Competitiveness Enhancement activities planned for FY '11 and the expected result.

Activity	Expected Result
Effectively implement the Activities development and implementation process; utilize Activities checklists to monitor the process and progress	Effective and in compliance VC competitiveness enhancement Activities identification, prioritization, development, and implementation system in use
Simplify internal policies and procedures where possible	AC for AWP Approved Activities can be submitted on any day rather than waiting for a Staff Meeting
Develop, review and make decisions on value chain enhancement Activities as planned or close to plan	Effectively expedite the development, approval, and implementation of Activities
Aggressively seek sources of co-funding for Activities	Better leveraging of USAID resources and a greater number of Activities

7.3 PROJECT IMPLEMENTATION

The following chart shows key ongoing Project implementation work and the expected results.

Project	Expected Result
Complete proper grant close out procedure and reports for Dalvina	Final Technical Report, Grantee Completion of Activities Certification, Expense Report and Tax Report submitted and Expense Report submitted by Grantee. Internal Checklist and Evaluation sent to BTV
Assure continued Grantee Results Reporting and collect Annual Reports	Assure that PCs collect and submit Quarterly Progress Report for each Grantee that provides their assessment of work progress, the constraints encountered and actions to minimize the constraints and results achieved during the Quarter
FY '11 and LoP Indicators	Requested revisions approved and adjusted in internal database/spreadsheets
Environment Due Diligence (EDD)/Pollution Prevention Assessment (PPA) Mitigation Measures Compliance Monitoring	Mitigation measures successfully monitored

U.S. Agency for International Development
Macedonia
Samoilova, 21
1000 Skopje, Macedonia
Tel: (+389 2) 310-2000; Fax: (+389 2) 310-2463
<http://macedonia.usaid.gov>